

Message Text

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PAGE 01 CANBER 06149 191404Z

43

ACTION EA-14

INFO OCT-01 EUR-25 ISO-00 AID-20 CIAE-00 COME-00 EB-11

FRB-03 INR-11 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

SP-03 CIEP-03 LAB-06 SIL-01 OMB-01 DODE-00 PM-07 H-03

L-03 NSC-07 PA-04 PRS-01 SS-20 USIA-15 IGA-02 DRC-01

NEA-14 /196 W

----- 073226

R 190554Z SEP 74

FM AMEMBASSY CANBERRA

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INFO AMEMBASSY MANILA

USMISSION OECD PARIS

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AMEMBASSY VIENTIANE

AMEMBASSY JAKARTA

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E.O. 11652: N/A

TAGS: EAID, EFIN, AS

SUBJECT: AUSTRALIA ECONOMIC AID BUDGET - 1974-75

1. SUMMARY: GOA BUDGET TABLED IN PARLIAMENT
17 SEPTEMBER PROVIDES 31 PCT. INCREASE OVER 1973-74,
FOR TOTAL 1974-5 AID LEVEL OF \$A336 MILLION.
SIGNIFICANT INDIVIDUAL INCREASES INCLUDE \$A40 MILLION
FUND FOR BILATERAL ASSISTANCE UNDER UNITED NATIONS
SPECIAL PROGRAM FOR MSA'S, \$A8 MILLION FOR COMBINED
CATEGORY OF COLOMBO PLAN AND SPECIAL AID TO INDOCHINA,
\$A4.7 MILLION FOR IDA CONTRIBUTION AND \$A2.5 MILLION
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PAGE 02 CANBER 06149 191404Z

FOR ADB CAPITAL SUBSCRIPTION. IN ADDITION, BUDGET

PROVIDES \$A640,000 ALMOST IDENTICAL TO PREVIOUS YEAR FOR LAOS FEOF. BUDGET FOR PAPUA NEW GUINEA ECONOMIC AID INCREASED \$A11.4 MILLION TO TOTAL OF \$A187 MILLION. END SUMMARY.

2. LARGEST SINGLE CATEGORY OF GOA ECONOMIC AID BUDGET TABLED FOR 1974-75 CONTINUES TO BE PAPUA NEW GUINEA AID REPRESENTING OVER HALF OF TOTAL PROGRAM. IN ADDITION, GOA INTENDS ALLOCATE \$A6 MILLION FROM \$A40 MILLION FUND FOR UN SPECIAL PROGRAM FOR MSA'S TO NEW GUINEA.

3. REMAINING GOA BILATERAL ECONOMIC AID PROGRAMS INCREASE \$A55 MILLION TO \$A123 MILLION. AS IN PAST YEARS BULK OF THIS BILATERAL PROGRAM DEVOTED TO OTHER ASIAN AND PACIFIC COUNTRIES. PRINCIPAL EXCEPTION IS \$A745,000 FOR SPECIAL COMMONWEALTH AFRICAN ASSISTANCE PLAN. BILATERAL AID PROGRAM INCLUDES \$A575,000 FOR INVESTMENT PROMOTION, FEASIBILITY STUDIES AND PROMOTION OF AUSTRALIAN CONSULTANCY SERVICES.

4. FUNDS FOR INDOCHINA AID LUMPED IN BUDGET PRESENTATION UNDER LINE ITEM "COLOMBO PLAN AND SPECIAL AID TO INDOCHINA", WHICH ALSO INCLUDES SIGNIFICANT AID TO INDONESIA. TOTAL OF THIS CATEGORY \$A32 MILLION. NO BREAK-DOWN AVAILABLE BUT EMBASSY ADVISED IN CONVERSATION WITH AUSTRALIAN DEVELOPMENT ASSISTANCE AGENCY BUDGET CONTEMPLATES CONTINUED ASSISTANCE FY 74-75 FOR SOUTH VIET-NAM, NORTH VIET-NAM, LAOS AND CAMBODIA. 1973-74 BILATERAL AID TO THESE COUNTRIES RESPECTIVELY \$A3.7 MILLION, \$A660,000, \$A1.3 MILLION, AND \$A800,000. THESE INCLUDE AUSTRALIAN CONTRIBUTIONS TO FEOF AND ESF. EMBASSY INFORMALLY ADVISED ADA A EXPECTS 1974-75 BILATERAL AID TO INDOCHINA TO EXCEED LAST YEAR'S LEVEL. BUDGET DOES NOT HOWEVER MAKE ANY PROVISION FOR 1974-75 ESF CONTRIBUTION.

5. MULTILATERAL PROGRAM TOTAL RISES \$A11 MILLION LIMITED OFFICIAL USE

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PAGE 03 CANBER 06149 191404Z

TO \$A26 MILLION. \$A8 MILLION OF INCREASE IS FOR CONTRIBUTIONS AND CAPITAL SUBSCRIPTIONS FOR IDA, ADB AND IBRD. BALANCE OF MULTILATERAL PROGRAM DISTRIBUTED BETWEEN ASIA-PACIFIC REGIONAL PROJECTS AND VARIOUS UN INTERNATIONAL PROGRAMS.

6. BUDGET DOCUMENT COMMENTS GOA CY 1974 AID PERFORMANCE EXPECTED TO APPROXIMATE 0.6 PCT. OF

GNP AFTER CY 1973 DROP TO 0.44 PCT. LATTER WAS
RESULT OF BUNCHING OF PAPUA NEW GUINEA EXPENDITURES
IN 1972 PLUS WHEAT SHORTAGE WHICH CAUSED MOST 1973-74
FOOD AID COMMITMENTS TO BE SHIPPED IN 1974. BUDGET
DOCUMENT ALSO COMMENTS THAT POLICY OF PROVIDING
OVERWHELMING PROPORTION OF AID ON GRANT BASIS WILL
CONTINUE. ONLY EXCEPTIONS TWO LOANS TALLING
\$A2.6 MILLION TO FIJI FOR HIGHWAY AND AIR PACIFIC.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC ASSISTANCE, BUDGETS, LESS DEVELOPED COUNTRIES, DEVELOPMENT BANKS, FINANCIAL CONTRIBUTIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 19 SEP 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: cunninfx
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974CANBER06149
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740263-0135
From: CANBERRA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740933/aaaabbio.tel
Line Count: 124
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: cunninfx
Review Comment: n/a
Review Content Flags:
Review Date: 01 MAY 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <01 MAY 2002 by ifshinsr>; APPROVED <07 MAR 2003 by cunninfx>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: AUSTRALIA ECONOMIC AID BUDGET - 1974-75
TAGS: EAID, EFIN, AS, XC
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005